

## Message Text

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ACTION EUR-12

INFO OCT-01 EA-07 IO-13 ISO-00 EURE-00 FEA-01 ERDA-05  
AID-05 CEA-01 CIAE-00 CIEP-01 COME-00 DODE-00 EB-08  
FPC-01 H-01 INR-07 INT-05 L-03 NSAE-00 NSC-05 OMB-01  
PM-04 USIA-06 OES-06 SP-02 SS-15 STR-04 TRSE-00  
ACDA-07 PA-01 PRS-01 IGA-02 OIC-02 ITC-01 NEA-10 /138 W  
-----102038Z 129016 /41

P R 101842Z FEB 77  
FM USMISSION EC BRUSSELS  
TO SECSTATE WASHDC PRIORITY 2986  
INFO AMEMBASSY BERN  
AMEMBASSY OTTAWA  
AMEMBASSY STOCKHOLM  
AMEMBASSY TOKYO  
USMISSION OECD PARIS  
USMISSION GENEVA  
USMISSION NATO

C O N F I D E N T I A L SECTION 1 OF 2 EC BRUSSELS 01316

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E.O. 11652: GDS  
TAGS: ENRG, EEC, US  
SUBJECT: CIEC-EC COMMISSION OFFICIAL COMMENTS ON US-EC EXCHANGE  
OF VIEWS IN WASHINGTON ON FEBRUARY 16

REF: EC BRUSSELS 1248

1. SUMMARY: COMMISSION OFFICIAL CASPARI OUTLINES HIS  
VIEWS FOR SUBJECT WASHINGTON MEETING. HE FOCUSES ON  
DISCUSSING CIEC TIMING, GLOBAL CIEC STRATEGY, CONTINUA-  
TION OF CIEC, COMMON FUND NEGOTIATIONS AND SPECIFIC  
ISSUES SUCH AS PROTECTION OF INVESTMENT. CASPARI HAS  
NO SPECIFIC BRIEF TO FOLLOW; HE WANTS TO DISCUSS OPTIONS  
AND OBTAIN AN IDEA OF US THINKING. EC CONTINUES TO  
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AWAIT DIRECTION FROM WASHINGTON TO BREAK ITS CURRENT  
IMPASSE ON MAJOR CIEC ISSUES. END SUMMARY.

2. COMMISSION DEPUTY DIRECTOR GENERAL FOR EXTERNAL  
RELATIONS, MANFRED CASPARI, BRIEFED A MISSION OFFICER  
ON HIS PLANS AND VIEWS FOR THE WASHINGTON FEBRUARY 16  
DISCUSSIONS ON CIEC BETWEEN EC AND US OFFICIALS.

CASPARI WILL BE THE ONLY COMMISSION OFFICIAL FROM BRUSSELS WHO WILL BE PARTICIPATING. HE PLANS TO COORDINATE HIS PRESENTATION WITH BUTLER AND MAUD OF UK FOREIGN MINISTRY ON FEBRUARY 11. THUS, HIS CURRENT PLANS CONSEQUENTLY MAY CHANGE SOMEWHAT. CASPARI WILL NOT BE SPEAKING FROM A SPECIFIC COMMISSION BRIEF; INSTEAD, HE WANTS TO DISCUSS VARIOUS OPTIONS REGARDING CIEC TIMING AND ISSUES IN ORDER TO OBTAIN AN IDEA OF DIRECTION OF US THINKING. HE REALIZES US OFFICIALS WILL NOT BE ABLE TO OFFER DEFINITIVE POSITIONS. HE NOTES THAT THE EC HAS MADE NO PROGRESS ON SUBSTANTIVE ISSUES SINCE NOVEMBER AND MEMBER STATE POSITIONS REMAIN VIRTUALLY UNCHANGED. IN SUM, THE EC IS IN AN IMPASSE AND IS LOOKING FOR DIRECTION, MAINLY FROM THE UNITED STATES.

3. CIEC TIMING: AS INDICATED IN REFTTEL, SEVERAL MEMBER STATES NOW FAVOR HOLDING CIEC MINISTERIAL MEETING AFTER WESTERN SUMMIT. CASPARI ALSO FAVORS THIS PROPOSAL AS LONG AS THE SUMMIT IS HELD EARLY ENOUGH SO THAT CIEC MINISTERIAL COULD BE HELD BEFORE THE END OF MAY. PEREZ GUERRERO INDICATES THAT THE MINISTERIAL MUST BE HELD NO LATER THAN THE END OF MAY IF THE G-19 IS TO MAINTAIN ITS COHESION AND WITHSTAND MOUNTING PRESSURES FROM THE G-77. SHOULD THE G-19 BREAK APART, IT WOULD BE MORE DIFFICULT TO OBTAIN A SATISFACTORY CONCLUSION TO CIEC.

4. CONTINUATION OF CIEC: CASPARI FAVORS ONLY ONE  
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MINISTERIAL MEETING IN ORDER TO AVOID MAKING CONCESSIONS TO THE G-19 TWICE. HE PERSONALLY SEES LITTLE UTILITY IN CONTINUING CIEC AFTER THIS FINAL MEETING. HE QUESTIONS THE USEFULNESS OF THE CURRENT CIEC FRAMEWORK IN MANAGING NORTH-SOUTH RELATIONS. CASPARI WOULD LIKE TO HEAR US VIEWS, PARTICULARLY REGARDING CONTINUATION OF DIALOGUE IN OTHER FORA AND CONTINUATION OF ENERGY DISCUSSIONS.

5. GLOBAL STRATEGY: THE EC WANTS TO DEVELOP A CREDIBLE PACKAGE OF PROPOSALS WHICH HOPEFULLY WILL PROVIDE FOR A SATISFACTORY CIEC CONCLUSION. THE COMMISSION IS CONSIDERING TWO POSSIBLE APPROACHES:

A. PROCEEDING WITH EXISTING STRATEGY OF TRYING TO OFFER SOMETHING TO EACH OF LDC GROUPS WITHIN G-19:  
1) POOREST AND FINANCIALLY HARDPRESSED - IMMEDIATE ACTION OFFICIAL DEVELOPMENT ASSISTANCE (ODA);  
2) MORE DEVELOPED LDC'S AND MOST OPEC COUNTRIES- TRANSFER OF TECHNOLOGY, INCREASED INVESTMENT, TRADE

LIBERALIZATION; 3) OPEC COUNTRIES IN BALANCE OF  
PAYMENTS SURPLUS - SECURITY OF INVESTMENTS.  
B. OR, ALONG LINES OF EC BRUSSELS 1263, DEVELOPING  
AN OVERALL ENVELOPE OF FINANCIAL ASSISTANCE WHICH  
WOULD BE MAXIMUM AMOUNT G-18 COULD OFFER; THIS  
AMOUNT WOULD BE SYNCHRONIZED WITH GLOBAL EFFORTS  
TO INCREASE ECONOMIC GROWTH RATES; LDC'S WOULD THEN  
PARTICIPATE IN DECIDING HOW THIS ENVELOPE WOULD BE  
APPORTIONED, I.E. IDA AID, BILATERAL AID, COMMON  
FUND, ETC. THIS APPROACH, SOME ARGUE, MIGHT PUT A  
STOP TO CONTINUAL LDC DEMANDS IN VARIOUS FORA FOR  
ADDITIONAL FINANCING FOR VARIOUS PROPOSALS.

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C O N F I D E N T I A L SECTION 2 OF 2 EC BRUSSELS 01316

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6. COMMON FUND NEGOTIATIONS: THE EC IS GIVING PRIORITY  
TO REACHING A JOINT POSITION ON THE COMMON FUND. MUCH  
OF THE MARCH 8 FOREIGN MINISTERS COUNCIL WILL BE  
DEVOTED TO THIS ISSUE, BUT CASPARI BELIEVES THE FINAL,  
HARD DECISIONS WILL BE MADE AT THE MARCH 25 EUROPEAN  
COUNCIL - HEADS OF GOVERNMENT - MEETING. MEMBER  
STATES ARE BADLY SPLIT OVER THIS ISSUE AND US VIEWS

WILL BE THE KEY DETERMINANT IN REACHING A FINAL POSITION AMONG MAJOR INDUSTRIALIZED COUNTRIES. CASPARI SAYS THE COMMISSION WILL LIKELY SUBMIT A PORPOSAL TO THE COUNCIL BUT HAS DELAYED TIS PREPARATION UNTIL HE HAS HEARD US VIEWS. HE OUTLINES THE FOLLOWING ISSUES FOR CONSIDERATION: 1) A CLEARING HOUSE; 2) A CLEARING HOUSE WHICH WOULD POOL FINANCIAL

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RESOURCES OF INDIVIDUAL BUFFER STOCKS AND HAVE ITS OWN RESOURCES IN SUFFICIENT AMOUNT TO BORROW ON CAPITAL MARKETS; 3) A FUND WITH RESERVES TO FINANCE OTHER MEASURES; SOME MEMBER STATES FAVOR LIMITED FUNDS FOR TECHNICAL ASSISTANCE; OTHERS ALSO WANT TO FINANCE DIVERSIFICATION OF COMMODITY PRODUCTION; 4) EXPANSION OF IMF FACILITIES, I.E., THE COMPENSATORY FINANCING FACILITY, TRUST FUND, AND BUFFER STOCK FINANCING FACILITY; 5) CREATION OF A WORLD-WIDE SYSTEM TO STABILIZE LDC EXPORT EARNINGS (STABEX); CASPARI BELIEVES THAT IF IMF FACILITIES ARE TO BE EXPANDED, A STABEX WOULD NOT BE NECESSARY.

7. SPECIFIC ISSUES: CASPARI ALSO WANTS TO DISCUSS SEVERAL OTHER ISSUES: 1) THE ADMINISTRATION'S VIEWS ABOUT THE PROPOSED INTERNATIONAL RESOURCES BANK, (SEE EC BRUSSELS 918, NOTAL); 2) THE POSSIBILITY OF ESTABLISHING GUIDELINES OR GENERAL PRINCIPLES FOR INTERNATIONAL COMMODITY TRADE; 3) WAYS TO SAFEGUARD FOREIGN PRIVATE INVESTMENTS. REGARDING QUERY IN STATE 29417 (NOTAL), CASPARI SAYS THE EC DOES NOT PLAN TO PUT FORWARD IN THE EURO-ARAB DIALOGUE PROPOSALS WHICH HAVE NOT BEEN GENERALLY AGREED UPON AMONG THE G-8 IN CIEC. HIS EXPECTATION IS THAT THE CIEC CONCLUSIONS WILL CALL UPON PARTICIPANTS TO PARTICIPATE IN AGREEMENTS TO SAFEGUARD INVESTMENTS. THEN G-8 MEMBERS WOULD GO AHEAD INDIVIDUALLY TO NEGOTIATE AGREEMENTS WITH ARAB COUNTRIES TO PROVIDE RECIPROCAL PROTECTION OF INVESTMENTS. THESE AGREEMENTS MIGHT BE BETWEEN THE EC AND INDIVIDUAL ARAB COUNTRIES OR WITH THE ARABS AS A GROUP. THE EC ALSO WANTS TO EXPLORE EXTABLISHING A "NEUTRAL" ARBITRATION INSTITUTE FOR INVEATMENT DISPUTES. CASPARI IS PREPARED TO DISCUSS THESE IDEAS AND EMPHASIZES THAT THE EC WILL KEEP IN STEP WITH THE G-8. HINTON

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## Message Attributes

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